

**Customer Choice
Coalition Member
Organizations**

Association of Businesses
Advocating Tariff Equity
(ABATE)

Associated Petroleum
Industries - Michigan

Business & Institutional
Furniture Manufacturers
Association

Competitive Power
Ventures/New Covert

Dow Corning Corporation

Energy Michigan

Great Lakes Petroleum
Retailers & Applied Trade
Association

LS Power

Michigan Association of
Broadcasters Service
Corporation

Michigan Association of
Convenience Stores

Michigan Association of
Intermediate School
Administrators

Michigan Association of
Non-Public Schools

Michigan Association of School
Administrators

Michigan Association of School
Boards

Michigan Grocers Association

Michigan Interfaith Power &
Light

Michigan Petroleum
Association

Michigan Press Association

Michigan Restaurant
Association

Michigan Retailers Association

Michigan School Business
Officials

Michigan School Energy
Cooperative

Midwest Car Wash Association

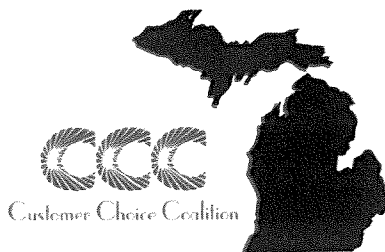
Middle Cities Education
Association

National Federation of
Independent Business

Small Business Association of
Michigan

Spartan Stores

And many more...



**Statement by Barry Cargill on HB 5548 and HB 5549.
Executive director, Customer Choice Coalition
June 3, 2008**

The Customer Choice Coalition, is a group of associations, businesses and other organizations supporting the ability of customers to choose from many electric providers when purchasing power. Our members include manufacturers and small businesses, building managers and schools, churches and others who support our current electric restructuring system. We are the only group that brings together electric customers of all sizes and electric providers to find common ground on energy issues, has worked diligently to bring forward and Energy plan that would even handedly benefit all of us.

Thank you for the opportunity to testify on behalf of House Bills 5548 and 5549 which seek to establish a renewable portfolio (RPS) standard for Michigan. The Customer Choice Coalition is opposed to both bills in their current form as passed by the House. The Coalition supports a reasonable RPS standard for Michigan and we urge the Committee to resolve several issues before voting to pass the bills out of Committee.

While CCC supports a reasonable RPS, we are very concerned about the hostile connection these two bills have to the elimination of electric competition (tie bar to HB 5524). While we would prefer Senate legislation to be used as the vehicle for Michigan's energy plan, we propose several amendments that will improve House Bill 5548 and 5549 as passed by the House and before you today. We urge the Committee to address these issues before voting to move the bills to the full Senate.

Recommendation #1. Eliminate House Tie Bars.

Strike all tie bars to the House passed energy package including the link to House passed legislation amending PA 141 of 2000 and which will destroy competition in customer electric choice.

Recommendation #2. Definition of Renewable.

We favor a broad definition of renewable such as that expressed in Senate Bill 213 introduced by Senator Birkholz. That definition is also contained in PA 141 and seems to be a logical approach that will continue some level of uniformity.

Recommendation #3. Include Competitive Bidding in Michigan RPS.

To hold investors and utilities accountable, we urge the Committee to include a mechanism for competitive bidding of all renewable resources required to meet the RPS.

Senator Kuipers introduced Senate Bill 427, which calls for competitive bidding for all new power plants when customers are required to guarantee recovery of costs. CCC would support a tie bar to SB 427 or at least including its competitive bidding components in House Bills 5548 and 5549.

Recommendation #4. Customer Don't Pay until Power is delivered.

If the MPSC is going to guarantee recovery for the cost of new renewable electric generation, customer should not be required to pay for power before it is actually delivered.

Recommendation #5. Mandated RPS if Renewables are at or below 103% of traditional power. Support 6% by 2010, 8% by 2012 and 10% in 2015.

The CCC has taken the position that Michigan RPS should be integrated in two steps. The first step would be a mandatory RPS of 10% based upon purchases at or below 103% of the cost of a new coal fired base load power plant. If renewables cannot be secured at this cost, the RPS targets dates would be extended. Proposed target dates are 6% in 2010, 8% in 2012 and 10% in 2015. To keep costs down, all mandated RPS capacity should be secured through competitive bidding. Utilities or their affiliates could bid. After 2015, renewables and energy efficiency would be required to compete head to head with other technologies to supply power requirements identified by the MPSC in a resource planning and procurement process described in Senate Bill 427.

By having renewables and efficiency compete with other forms of power supply in a bid process, selection would be dictated by economics and evaluation of reliability. We believe that the initial mandate which is capped at 103% of the cost of a coal plant uses selection through bidding to reduce costs below that level and then transforms into an incentive based selection system where renewables are able to compete with other energy forms. In that latter stage as would be implemented through Senate Bill 427, the competitive incentive for investors would apply equally to all energy forms and RPS mandates would be unnecessary.

As you know, we believe that competition and choice work for Michigan's electric system. We are opposed to monopolization of our electric system because it rewards inefficiency.

Let me close by saying that CCC looks forward to future hearings on energy legislation and the opportunity to discuss the Customer Choice Coalition recommendations to meet Michigan's future energy needs. Utilities. Independent power producers. Renewables – of every type. Energy efficiency consultants. All have a role. But they need to be asked to bid against each other to ensure we have the lowest cost for reliable electricity. Without competition, you can be guaranteed that Michigan's electric rates, which were higher than the national average throughout the 1980s and 1990s, but have moved to below the national average under PA 141, will again be among the highest in the Midwest. That will bode poorly for cleaner energy generation, job creation and economic opportunity for our state.

Thank you for the opportunity to present the customer perspective.